

## PUBLIC SERVICE COMMISSION OF WISCONSIN

### Minutes and Informal Instructions of the Open Meeting of Thursday, May 3, 2018

The Public Service Commission of Wisconsin (Commission) met as noticed. Present in person were Chairperson Roberts and Commissioner Zipperer. Commissioner Huebsch participated by telephone.

#### **Minutes**

The Commission approved the minutes of the open meeting of Thursday, April 26, 2018.

#### **4220-FR-2017 - Application of Northern States Power Company-Wisconsin for Reconciliation of Actual Fuel Costs to the Authorized 2017 Fuel Cost Plan**

The Commission approved the Notice of Investigation and directed it to be signed by the Secretary to the Commission.

#### **4970-CE-106 - Application of the City of Reedsburg, as an Electric Public Utility, for Authority to Construct Improvements to the Grede East Substation, the Grede West Substation, and the Industrial Park Substation, in the City of Reedsburg, Sauk County, Wisconsin**

The Commission approved the Notice of Investigation and directed it to be signed by the Secretary to the Commission.

#### **6690-FR-2017 - Application of Wisconsin Public Service Corporation for Reconciliation of Actual Fuel Costs to the Authorized 2017 Fuel Cost Plan**

The Commission approved the Notice of Investigation and directed it to be signed by the Secretary to the Commission.

#### **2573-CW-104 - Application of the Village of Hobart, as a Water Public Utility, for Authority to Construct a Centennial Centre Elevated Storage Tank, in the Village of Hobart, Brown County, Wisconsin**

The Commission approved the Notice of Investigation and directed it to be signed by the Secretary to the Commission.

**5795-WI-100 - Investigation into the Village of Suamico, Brown County, Wisconsin, as a Water Public Utility, for Construction of an Advanced Metering Infrastructure (AMI) System and Non-Routine Meter Replacement Program**

The Commission approved the Notice of Investigation and directed it to be signed by the Secretary to the Commission.

**210-ER-106 - Application of the City of Arcadia, Trempealeau County, Wisconsin, as an Electric Public Utility, for Authority to Adjust Electric Rates**

The Commission approved the Notice of Proceeding and directed it to be signed by the Secretary to the Commission.

**6650-CC-214297 - Request for Formal Review of Complaint Filed by Blake Baxter, EVM Operations, LLC, against Wisconsin Gas LLC**

The Commission denied the request of EVM Operations, LLC, for a formal review of its complaint against Wisconsin Gas LLC, relating to nominated gas service for the month of December 2017 and a Remote Meter Reading Equipment Charge.

The Commission directed the Division of Water, Telecommunications and Consumer Affairs to draft an order consistent with its discussion.

**5-FE-101 - Quadrennial Planning Process III**

The Commission discussed and made the following preliminary determinations relating to the Quadrennial Planning Process III for the Focus on Energy Program (Focus):

1. Goals for Focus shall continue to be based on reductions in energy use and peak demand, with more emphasis on energy use savings and resulting emission reductions.
2. Approximately 60 percent of Focus funding shall be allocated to business programs ratepayers and 40 percent to residential programs.
3. Focus goals should emphasize short-term energy savings. Qualitative targets for long-term market effects over the next 4 years should be set, and the Program Administrator shall prioritize designs that simultaneously achieve short-term energy savings while targeting longer-term market changes.
4. Focus programs shall meet a Modified Total Resource Cost (TRC) Test of cost-effectiveness.

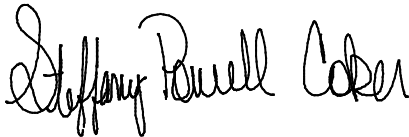
5. The following cost-effective tests shall be used as secondary tests for informational purposes: TRC Test, Expanded TRC Test, Utility Test, Societal Test, and Ratepayer Impact (RIM) Test.
6. For the purposes of evaluating Focus, avoided electric energy costs shall be based on a forecasted locational marginal price (LMP) that is the average of LMPs across Wisconsin nodes.
7. For the purposes of evaluating Focus, avoided electric capacity costs shall be based on the unit costs of a peaker plant.
8. For purposes of evaluating the Focus program, avoided natural gas costs shall continue to be calculated based on Energy Information Administration (EIA) forecasts of Henry Hub prices adjusted using Wisconsin City Gate prices and retail prices to estimate avoided natural gas costs in Wisconsin.
9. A discount rate of 2.0 percent shall be used in Focus' cost-effectiveness tests.
10. Focus cost-effectiveness tests shall value avoided carbon dioxide emissions using a market-based value of \$15.00 per ton.
11. The Renewable Rewards and Renewable Energy Competitive Incentive Program (RECIP) structure used in the prior quadrennial shall be modified consistent with Item 12 below.
12. In addition to the continuation of the RECIP process previously used, a new RECIP process shall be developed, aimed at mid-size business projects that offers a RECIP solicitation specifically targeted to mid-size business projects with more streamlined proposal requirements and more regulatory recurring schedule. The Program Administrator shall report back to the Commission by July 1, 2018 with alternatives reflecting these modifications.
13. Renewable incentive funding shall remain the same as 2018 for the residential and business portfolios, and the Program Administrator shall have flexibility to adjust budgets between business and residential portfolios and RECIP and prescriptive programs as the market dictates.
14. With regard to the remaining \$5 million budget previously allocated to the Focus digester program, and any anticipated surplus funds remaining from the Rural program at the end of 2018, the Program Administrator shall, by July 1, 2018, work with Commission staff, the Wisconsin Department of Natural Resources, and the Department of Agriculture, Trade and Consumer Program to design a program targeting the agricultural and other rural utility customers. Focus shall coordinate with the Commission's Office of Energy Innovation on

the availability of additional funding and opportunities for collaboration. This agricultural pilot program shall be included as component of the Rural program.

15. The Focus Rural programs shall remain separate from core Focus offerings with an expenditure level, in addition to the funds identified in Item 14 above, of \$5 million.
16. The Commission declined, at this time, to take formal action to establish a collaboration framework. Informal collaboration shall continue.
17. Focus funds may be used for residential behavioral pilot programs during the Quadrennial Planning Process III programming, but any proposed behavioral program design shall be returned to the Commission for approval in advance of implementation.
18. Commission staff shall conduct further analysis on the benefits, financial costs, and other barriers associated with Focus access to utility data and report its findings and recommendations to the Commission by November 1, 2018.
19. The Commission declined to make any modifications at this time to the utility voluntary programs and declined to establish guidance defining appropriate voluntary programs.
20. An overall energy savings goal shall continue to be established for Focus. Minimum kilowatt-hour and therm thresholds shall be set equal to 90 percent of the overall goal.
21. The Commission's Focus goals shall be set based on net life cycle savings and the Program Administrator's contract goals shall be set based on gross life cycle savings.

The Commission directed the Division of Business and Program Management to draft an order consistent with its discussion.

The Commission adjourned the meeting at 11:20 a.m.

A handwritten signature in black ink, reading "Steffany Powell Coker". The signature is written in a cursive, flowing style.

Steffany Powell Coker  
Secretary to the Commission